

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF VALLEY GAS, INC.)	2015-00321

ORDER

On November 5, 2013, in Case No. 2013-00150,¹ the Commission approved rates for Valley Gas, Inc. ("Valley Gas") and provided for their further adjustment on a quarterly basis in accordance with Valley Gas's Purchased Gas Cost Adjustment clause.

On September 21, 2015, Valley Gas filed its Gas Cost Recovery ("GCR") rate application to be effective October 1, 2015. On September 30, 2015, Valley Gas supplemented the record in this proceeding with a correction to its calculations. Valley Gas requested a waiver of the 30-day notice requirement so that its increase in rates can be effective with 20 days' notice.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Valley Gas's notice includes a revised rate designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley Gas's proposed Expected Gas Cost ("EGC") is \$4.3692 per Mcf, which is an increase of \$.2507 per Mcf from the previous EGC of \$4.1185 per Mcf.

¹ Case No. 2013-00150, *Application of Valley Gas, Inc. for an Alternative Rate Adjustment* (Ky. PSC Nov. 5, 2013).

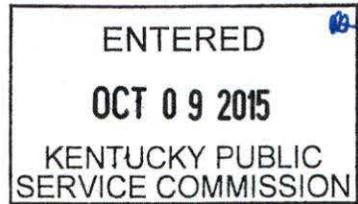
3. Valley Gas's notice sets out no current quarter Refund Adjustment.
4. Valley Gas's notice sets out a current quarter Actual Cost Adjustment ("ACA") of \$.5745 per Mcf, based on its actual Mcf volumes purchased and sold instead of limiting line loss recovered through the ACA to 5 percent, which the Commission finds to be reasonable. Valley Gas's total ACA is (\$1.2767) per Mcf, which is an increase of \$.9045 per Mcf from its previous total ACA of (\$2.1812) per Mcf.
5. Valley Gas's GCR rate is \$3.0925 per Mcf, which is an increase of \$1.1552 per Mcf from the previous GCR rate of \$1.9373 per Mcf.
6. The rate as proposed by Valley Gas and set forth in the Appendix to this Order is fair, just, and reasonable and should be approved for service rendered by Valley Gas on and after October 11, 2015. The Commission notes that Valley Gas's current GCR rate is comparatively low, and if the 60 percent increase in the GCR rate is delayed, it could cause a hardship for Valley Gas as the heating season begins. For that reason, and in that KRS 278.180(2) permits the Commission to shorten the required notice period for good cause, the Commission finds that Valley Gas's request for waiver from the 30-day notice requirement should be granted.

IT IS THEREFORE ORDERED that:

1. Valley Gas's request to shorten its required notice from 30 to 20 days is approved.
2. The rate set forth in the Appendix to this Order is approved for service rendered on and after October 11, 2015.
3. Within 20 days of the date of this Order, Valley Gas shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff

sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

By the Commission



ATTEST:

Cason D. Brunwal
Executive Director *for*

*Kerry R Kasey
Secretary
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